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S E C R E T SECTION 01 OF 02 NEW DELHI 000242

SIPDIS

ISN/RA FOR KATHERINE CROFT

E.O. 12958: DECL: 01/18/2020

TAGS: [PGOV](#) [PARM](#) [PREL](#) [MCTRE](#) [KSCA](#) [ETTC](#) [IN](#) [IR](#) [SY](#)

SUBJECT: INDIAN RESPONSE TO ONWARD PROLIFERATION CASES,
EXPORT CONTROLS

REF: SECSTATE 116165

Classified By: A/POL Les Viguerie for Reasons 1.4 (B) and (D).

11. (S) SUMMARY. Two officials in the Ministry of External Affairs (MEA) Office of Disarmament and International Security Affairs (DISA) gave us a verbal response February 3 to the outstanding onward proliferation cases (reftel) raised during the November 2009 Strategic Security Dialogue (SSD). While insisting on a written response may create further challenges for India's bureaucracy, a future SSD may want to explore creating a more formalized mechanism or process for responding to onward proliferation cases. They also shared the same Indian response to the export controls roadmap provided to the Department January 30. Indian officials have expressed their hope for a response in time for the High Technology Cooperation Group (HTCG) meeting tentatively scheduled for mid-March. END SUMMARY.

Indian Response to Export Controls Roadmap

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12. (SBU) In a meeting February 3, Ministry of External Affairs Technology Unit Director Sandeep Arya and Disarmament and International Security Affairs (DISA) Deputy Secretary Vipul shared a nonpaper response to the export controls roadmap that General Jones passed to National Security Advisor Narayanan in November 2009. (Note: The nonpaper is identical to the paper the Indian Embassy in Washington passed to Assistant Secretary Blake January 30. End Note.) Vipul was keen to gauge USG initial response to the nonpaper, but understood that the Indian proposal was complex and that a formal response could take time. (Note: Indian participants at the Civil Nuclear Energy Working Group (CNEWG) underway in Mumbai expressed their hope of receiving a response in time for the High Technology Cooperation Group (HTCG) meeting tentatively scheduled for mid-March. End Note.)

Response to Outstanding Onward Proliferation Cases

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13. (S) Arya gave a verbal response to the outstanding onward proliferation cases (ref A) discussed on the margins of the November 2009 meeting of the Strategic Security Dialogue (SSD). Of the 13 outstanding cases the Government considered four officially closed and two ongoing. Arya explained that the seven remaining onward proliferation cases were either very old or had been raised before he took responsibility for this portfolio just over a year ago. His files and inquiries

with other ministries did not turned up information on these cases, and he thus considered them closed. He said he would be willing to examine the cases if new information is available.

14. (S) The Indian Government considers the following cases closed:

I. Goal Scientific Glass Works Pvt Ltd. and Garg Scientific Glass Industries (glass reactor equipment): This case concerning transfers of glass reactor equipment to Syria was first raised in December 2008. Arya explained that both companies have ceased their contact with the prospective Syrian buyer.

II. Nickunj Eximp Enterprises (graphite): This case concerning the sale of graphite blocks to Iran and was first raised in October 2007. Following a judicial process, a court ruled against the firm, resulting in the confiscation of the nuclear-grade graphite, which remains in the possession of the Indian government. The company and its director were also reportedly fined. The case is closed, though Arya said he could not guarantee the firm would not appeal.

III. Premier Explosives Ltd. and Rajasthan Explosives and Chemicals Ltd. (explosive detonators): First raised in January 2009, this case concerned the sale of two million explosive detonators reportedly controlled under the Wassenaar Arrangement Munitions List to Syria's Industrial Establishment of Defense. The Indian government found that

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the particular detonator chords sold fell outside the range of diameter and capacity for chords controlled by the Wassenaar Arrangement, and thus no violation took place.

IV. Ordnance Factory Board and MKU Pvt. Ltd. (explosive nitroamine RDX): This 2009 case involved the possible sale of 500 tons of explosive nitroamine RDX to Syria. The supplier, a public sector entity, reportedly decided against the sale when it was made aware that it would be contrary to India's export control policies. Arya explained that conventional explosives in India are manufactured by public sector entities, which are required to seek permission from the Ministry of Defense (MOD) prior to the sale of ordnance to foreign governments or buyers. In this case, the firm learned through the normal process that the sale would be contrary to India's export control policies and terminated the sale. Arya speculated that the USG may have learned of the possible sale before the firm sought the MOD's approval.

15. (S) The following cases are active and pending:

I. High Pressure Gauges: Arya did not mention the case by name, but appeared to refer to the case of the Hind High Vacuum Company (sample capacitance diaphragm gauge). Arya said the gauges appeared routine rather than the very high or very low pressure gauges covered under any control lists, but this remained to be confirmed. (Note: According to Ref A, the issue related not to gauge-type but to the Iranian buyer, which is an entity designated under UN Security Council Resolution 1747 for its involvement in Iran's nuclear program. End Note.)

II. Sale of Aluminum Powder to Iran: Arya did not mention the firm by name, but appeared to refer to the case of Sri Kaliswari Metal Powders Ltd., an Indian firm that was negotiating with Iran's SARA Company for the sale of 50 metric tons of powder suitable for use in the production of solid rocket propellant. Arya noted that there is a wide range of quality of aluminum powder. He said the "spherical powder," which is used in propellants, is controlled by the Missile Technology Control Regime (MTCR), but that the powder in this case appeared to be "atomized powder" not controlled under the MTCR. Arya stressed that this was a provisional

assessment and the case was not yet closed.

No Written Responses

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¶16. (S) PolOff reminded Arya that the U.S. delegation to the Strategic Security Dialogue had requested responses on onward proliferation cases in writing. Arya replied that the Indian government took seriously its commitment to prevent onward proliferation and viewed such informal information exchanges as an important part of our bilateral relationship, but he explained that he would not be authorized to share more formal, written responses unless the government established a more formal mechanism to share such information. Absent that, the government considered a verbal response the appropriate mechanism.

¶17. (S) Comment: Insisting on written responses absent a formal mechanism would be a highly cumbersome process in India's bureaucracy and might slow down the response mechanism even further. Establishing a formal mechanism could be a useful agenda item for the next meeting of the Strategic Security Dialogue (SSD). In the mean time, we may get more traction on onward proliferation cases if we accompany demarches on new cases with a running list of cases we consider outstanding, including any additional information on outstanding cases that may have come to light. End Comment.

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